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Guatemala

Oilseeds and Products

Annual

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Report Highlights: Vegetable oils are freely traded in Central America as part of the regional free trade zone. Imports of refined vegetable oils from non Central American countries face a 15 percent duty. Palm is the only crop being produced in Guatemala for the production of oil. Total palm oil production in Guatemala for 2002 decreased by 10% due to lack of rain. Guatemala imported palm oil from Honduras in order to fulfill export commitments with Mexico and other Central American countries.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Guatemala [GT1], GT

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Executive Summary

Guatemala's total vegetable oil consumption during 2002 was 146,000 MT. Palm is the only crop being produced in Guatemala for oil production and is the most important for the total oil supply. Year 2002 was a downward year for palm oil production due to lack of rain. Nonetheless, an upward production trend is expected to continue as new farms and increased acreage go into production every year, and as new trees begin bearing fruit and older trees mature and increase their yields. Guatemala's oil imports depend mostly on international prices and local production of palm oil. Guatemala is a net exporter of vegetable oils.

During 2002 Guatemala imported a total of 134,000 MT of vegetable oils. Palm oil exports to Mexico and the Central American region remained steady at 78,000 MT for 2002. In 2003 exports are expected to slightly increase to 80,000 MT and vegetable oil imports are expected to decrease to 118,000 MT, due to a larger local supply of palm oil.

PSD Table						
Country	Guatemala					
Commodity	Oil, Palm				(1000 HA)(1000 TREES)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		11/2001		11/2002		11/2003
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Trees	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	100	100	90	90	0	115
MY Imports	25	30	40	40	0	20
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	125	130	130	130	0	135
MY Exports	68	78	78	78	0	80
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	57	52	52	52	0	55
Feed Waste Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	57	52	52	52	0	55
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	125	130	130	130	0	135
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Guatemala					
Commodity	Oil, Soybean				(1000 MT)(PERC ENT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		11/2001		11/2002		11/2003
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	30	35	33	38	0	40
MY Imp. from U.S.	20	23	21	26	0	30
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	30	35	33	38	0	40
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	30	35	33	38	0	40
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	30	35	33	38	0	40
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	30	35	33	38	0	40
Calendar Year Imports	35	35	38	38	0	40
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Guatemala					
Commodity	Oil, Sunflowerseed				(1000 MT)(PERC ENT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		11/2001		11/2002		11/2003
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	30	42	33	56	0	58
MY Imp. from U.S.	5	11	6	22	0	25
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	30	42	33	56	0	58
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	30	42	33	56	0	58
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	30	42	33	56	0	58
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	30	42	33	56	0	58
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Production

Guatemala's palm oil production is recovering from a temporary period of lower output. The lack of rain affects directly the process of bearing fruit, slows the process of maturation and decreased yields. In spite of the situation Guatemala still is self sufficient in palm oil production and it has displaced areas previously used for other traditional agricultural

practices like raising cattle or lowland coffee production. Palm oil is currently the most important oil produced for the elaboration of finished oils and other oil products in the market. During 2002 total planted area remained at 24,000 hectares, from which 22,000 hectares were harvested. Total palm oil production reached 90,000 MT in 2002. In 2003 total planted and harvested area is expected to increase slightly. Production for 2003 is expected to increase to 115,000 MT. Most of the planting seed for palm production comes from Costa Rica, and the two most popular varieties grown in Guatemala are Deli-Econa and Deli-Aurus. In the Guatemalan South Coast there are four extraction plants where most of the palm operations are located. We are told that new operations are starting in the North and the Northwest part of the country specifically in the Petén area. Palm operations are more popular every year because of its income benefits in addition to the ecological and social benefits. In 2003 the palm sector will employ some 13,000 people.

Consumption

The latest information from the oil refining companies shows that Guatemala's vegetable oil production continues to increase as local consumption of vegetable oil, shortening, and margarine increases, and exports of finished oils and margarine to neighboring countries rise. The food industry has grown tremendously in recent years. There are new fast food restaurants, bakeries, hotels, gourmet restaurants, confectioneries, and other food factories consuming vegetable oil products.

Import Trade Matrix			
Country	Guatemala		
Commodity	Oil, Palm		
Time period	Jan-Dec	Units:	Metric Tons
Imports for:	2001		2002
U.S.		U.S.	
Others		Others	
Honduras	30,000	Honduras	40,000
Total for Others	30000		40000
Others not Listed			
Grand Total	30000		40000

Export Trade Matrix			
Country	Guatemala		
Commodity	Oil, Palm		
Time period	Jan-Dec	Units:	Metric Tons
Exports for:	2001		2002
U.S.		U.S.	
Others		Others	
Mexico	50,000	Mexico	50,000
El Salvador	8,000	El Salvador	8,000
Costa Rica	20,000	Costa Rica	20,000
Total for Others	78000		78000
Others not Listed			
Grand Total	78000		78000

Import Trade Matrix			
Country	Guatemala		
Commodity	Oil, Soybean		
Time period	Jan-Dec	Units:	Metric Tons
Imports for:	2001		2002
U.S.	23,000	U.S.	26,000
Others		Others	
Argentina	12,000	Argentina	12,000
Total for Others	12000		12000
Others not Listed			
Grand Total	35000		38000

Import Trade Matrix			
Country	Guatemala		
Commodity	Oil, Sunflowerseed		
Time period	Jan-Dec	Units:	Metric Tons
Imports for:	2001		2002
U.S.	11,000	U.S.	22,000
Others		Others	
Argentina	31,000	Argentina	34,000
Total for Others	31000		34000
Others not Listed			
Grand Total	42000		56000

Trade

According to the oil refining companies, in the last few years the industry preferred sunflower oil imports due to the fact that sunflower oil is a refining-friendly oil, in spite of prices higher than palm and soybean oil. Sunflower imports reached 56,000 MT in 2002, 40 percent of imports were from the United States and the rest came mainly from Argentina. In 2003, sunflower oil imports are forecast to increase to 58,000 MT.

Soybean oil imports for 2002 were 38,000 MT. 68% of the soybean oil was imported from the United States. In 2003, soybean oil imports are expected to increase to 40,000 MT due to competitive prices.

Currently, Guatemala is exporting fully refined oil products to other of the Central American countries. No import tariffs exist due to the free-trade agreement among countries in the region. Representatives from the oil industry have expressed their concern about the flow of illegal imports of finished oil products from Mexico.

Policy

Tariffs, duties and taxes:

Effective September 30, 2002 all crude vegetable oils enter Guatemala, El Salvador and Honduras free of tariffs. But refined oils are subject to 15 percent tariffs.

Effective October 29, 2002, Mexican exports of lard (15030000) and refined vegetable oils (15060000) to Guatemala are subject to lower tariffs than exports of the same products from other countries, including the United States.

HS Code	Country of origin	Import duty/tariff (percent advalorem)
15030000	Mexico	0
LARD	United States and all others not in Central America	15
15060000	Mexico	8.1
	United States and all others not in Central America	15.0
1508.9000	United States and Refined all others not in	
Veg oils	Central America	15.0
1508.1000	United States and all others not in	
Crude Veg oils	Central America	0
15162010	United States and all others not in	
Hydrogenated Veg oils	Central America	10

Marketing

Guatemalan producers are promoting palm oil as a healthy product contributing to the improvement of the environment. According to the industry's advertising in the year 2002 Guatemala's palm crop generated 600,000 tons of oxygen. In addition, palm oil contains very low levels of cholesterol around the 18 p.p.m. level. Palm oil is a highly profitable alternative, which diversifies agricultural practices in the country and allows the small and medium farmer to access the local as well and international markets. Other sectors of the industry are trying to gain market share through promotions of sunflower and corn oil as the healthy alternatives in vegetable oils. At the retail level sunflower and corn oil are clearly marked, while vegetable oils containing palm oil are not. Nevertheless, these generic vegetable oils are typically less expensive and therefore very attractive to the average consumer.